



Tropicana, WA (AngloGold Ashanti / IGO)

# ASX CEO Connect June 2020

# Company Overview

A leading mining services company



- ASX300 – Market Capitalisation – \$540m
- Established in 1963
- Offers the complete package of mining services to miners primarily in Australia and Southeast Asia
- Extensive experience in both surface and underground mining
- Developed strong relationships with clients – transparent, flexible alliance style approach
- Over 7,000 people and 500 pieces of major equipment

Civil Mining Services

Surface Mining

Underground Mining

Rehabilitation

Engineering • Plant & Maintenance • Performance Enhancement



# Company Overview

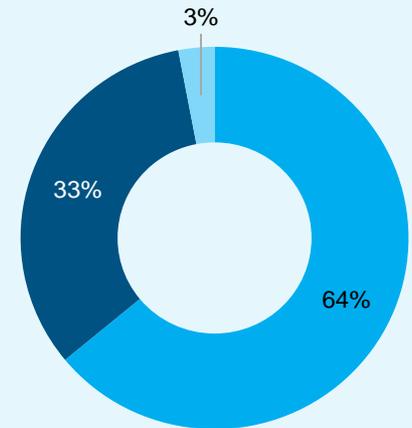
Significant exposure to Australia and Gold mines



1. 1H20 revenue breakdown

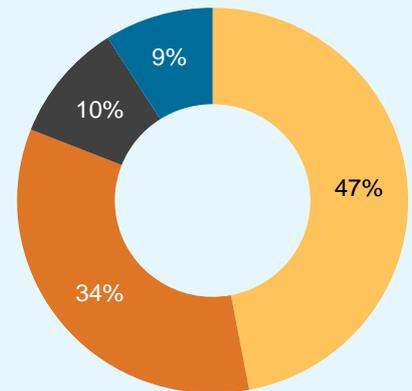
## Country

- Australia
- Indonesia
- Other



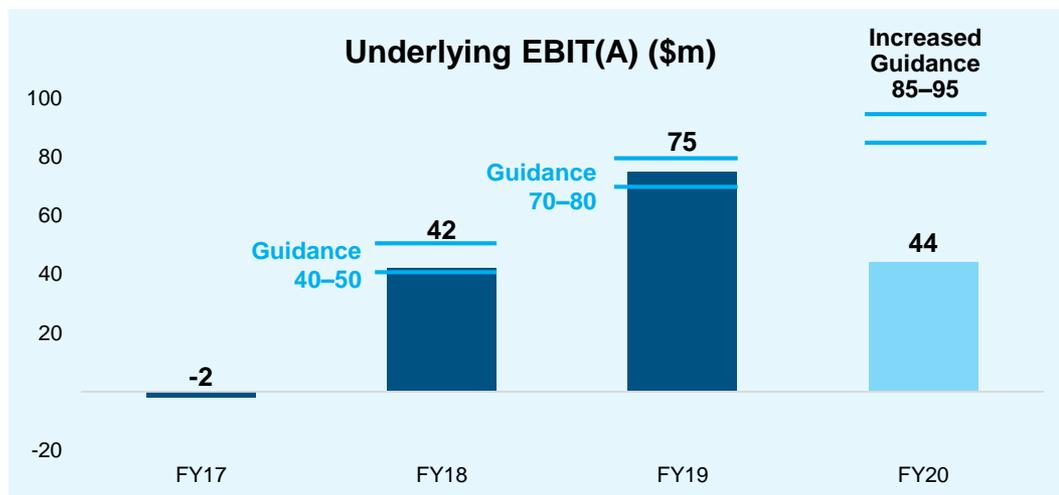
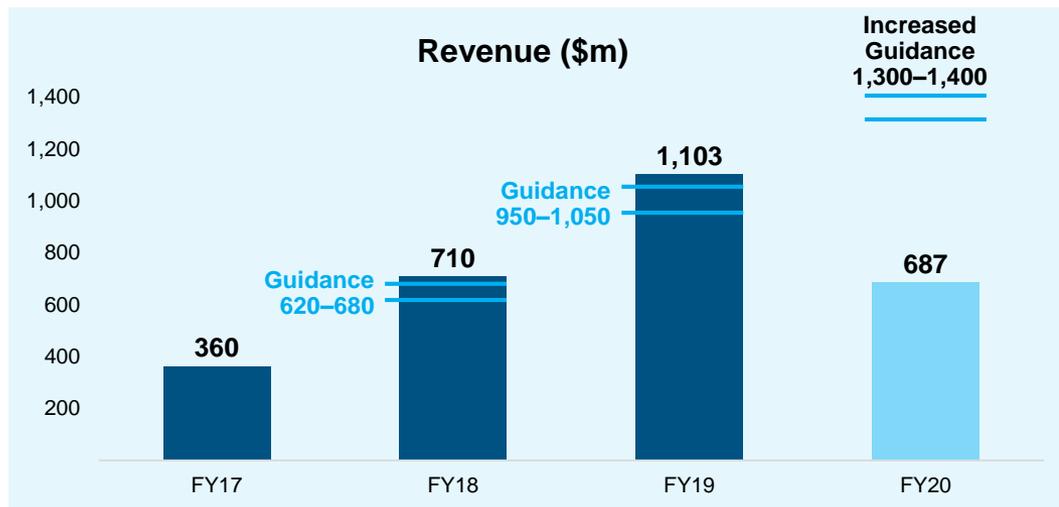
## Commodity

- Gold
- Copper / Gold
- Coking Coal
- Other



# Proven Track Record

Successfully delivered strong growth in line with guidance and strategy



## FY17

**Feb 17** Awarded Batu Hijau contract **Surface**

**Mar 17** Defended CIMIC takeover **Corporate**

## FY18

**Nov 17** Awarded Byerwen contract **Surface**

**Dec 17** Awarded Mt Morgans contract **Surface**

**Feb 18** TMM acquisition **Civil/Rehab**

## FY19

**Mar 19** Awarded Boston Shaker contract **Underground**

**Jun 19** GBF acquisition **Underground**

**Aug 19** Reinstated dividends **Corporate**

## FY20

**Feb 20** GBF awarded Silver Lake contract **Underground**

**Feb 20** Increased FY20 guidance **Corporate**

**Jun 20** Awarded Byerwen expansion contract **Surface**

# COVID-19

Minimal impact – clients have remained resilient

## Protecting our People, Community and Clients

- Communication and education
- Health screening and physical distancing protocols
- Sanitation and cleaning
- Travel restrictions

## Ensuring Business Continuity

### Australia

- Relocation of some interstate workers
- Employee assistance programs
- Mental and Physical Health initiatives:
  - Strong Minds Strong Mines program implemented online
  - Fatigue management program

### Indonesia

- Batu Hijau:
  - Site locked down
  - Face masks mandatory
  - Stringent screening and frequent testing
  - Site hospital expanded: 160 beds including 40 ICU units

## Business performing in line with expectations

- Minimal impact to productivities, supply chain and margins
- Reiterate FY20 guidance<sup>1</sup>:
  - Revenue of \$1.3–1.4 bn and EBIT(A) of \$85–95m



1. Guidance assumes an exchange rate of AUD:USD 0.70, and excludes one-off items and amortisation related to the GBF Group acquisition.

# Strategy on track

Successfully expanded service offering across the mining value chain



## Mining Value Chain



## Key Strategic Focus

### Safety

- Continue focus on improving safety

### Execution and Relationships

- Enhance margins and execution
- Improve productivities

### Technology

- Integrate high performing systems
- Deliver value via tech enabled efficiency tools

### People and Culture

- Build proactive and positive culture

### New Work

- Grow and diversify market share
- Capitalise on \$7bn tender pipeline

### Diversification

- Civil
- Underground
- Rehabilitation

# Delivering value through technology

Vision is to be an advanced mining contractor of the future

## Digital Platform

Smart Algorithms • AI • ERP

GOAL: Identify inefficiencies in real-time – eliminate waste and increase production

### Robotic Process Automation – integrate systems

▼ Costs

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Client Systems

### Autonomous equipment

▲ Productivity

### Equipment health telemetry

▲ Equipment life

▼ Maintenance costs

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Equipment

### Biometric identification, competency validation and fatigue monitoring

▲ Safety

### Big data from equipment – targeted coaching

▲ Operator productivity

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Operators

### Robotic dispatch

▲ Productivity and utilisation

### Remote Operations Centres – centralise work

▼ Costs

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Site Plans

### Artificial Intelligence to predict 'best actions'

▲ Productivities:

- Tyre life
- Optimal refuelling times
- Off-circuit travel
- Cycle times

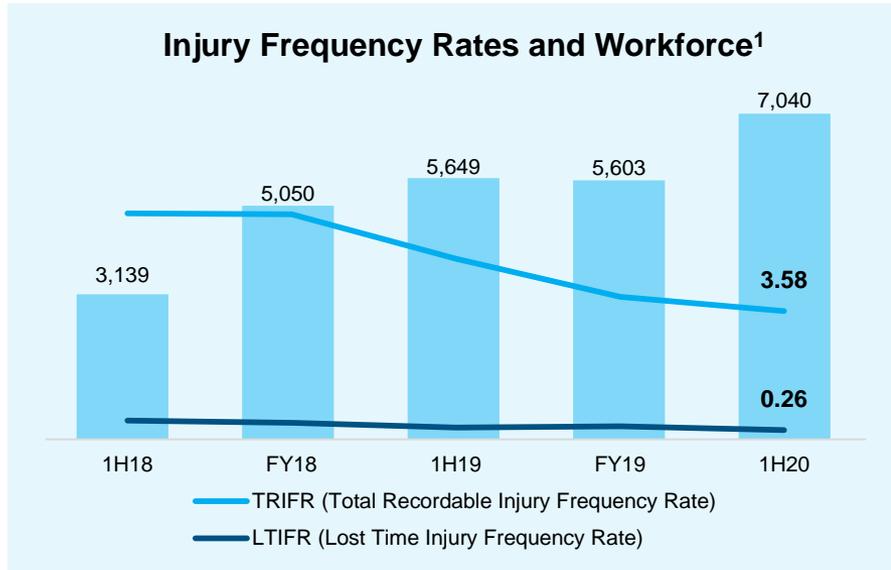
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Supervisors

# Strong Team

With over 7,000 people, safety remains a core business priority



- Strong Minds, Strong Mines Program  
– Winner of WA Mental Health Award 2019



**STRONG MINDS**  
**STRONG MINES**

A MACMAHON COMPANY

1. Including contractors

# Strong Balance Sheet

Financial flexibility to enable continued execution of growth strategy



\$ Millions	FY19	1H20	
Cash	113.2	114.2	<b>Strong liquidity position</b>
Property, plant and equipment <sup>1</sup>	424.9	487.2	
<b>Total assets</b>	<b>824.9</b>	<b>939.9</b>	
Financial debt	165.8	221.0	<b>Financial debt</b>
<b>Total liabilities</b>	<b>377.3</b>	<b>472.4</b>	
<b>Total Equity</b>	<b>447.6</b>	<b>467.5</b>	
<b>Net Debt / (Cash)</b>	<b>52.7</b>	<b>106.8</b>	<b>Robust financial position</b>
<b>Gearing<sup>2</sup></b>	<b>10.5%</b>	<b>18.6%</b>	
<b>ND / Annualised EBITDA</b>	<b>0.3x</b>	<b>0.5x</b>	
<b>ROACE<sup>3</sup></b>	<b>13.9%</b>	<b>14.6%</b>	
<b>ROE<sup>4</sup></b>	<b>13.2%</b>	<b>13.7%</b>	
<b>Dividend (cents per share)</b>	<b>0.50</b>	<b>0.25</b>	<b>Dividend</b>

**Strong liquidity position**

- Cash and unutilised facilities of \$155m

**Financial debt**

- Primarily comprised of equipment leases

**Robust financial position**

- Continued focus on prudent capital management
- Forecast to strengthen in FY20 result

**Dividend**

- Balance sheet supports sustainable dividends

1. Includes lease receivable related to Byerwen excavators

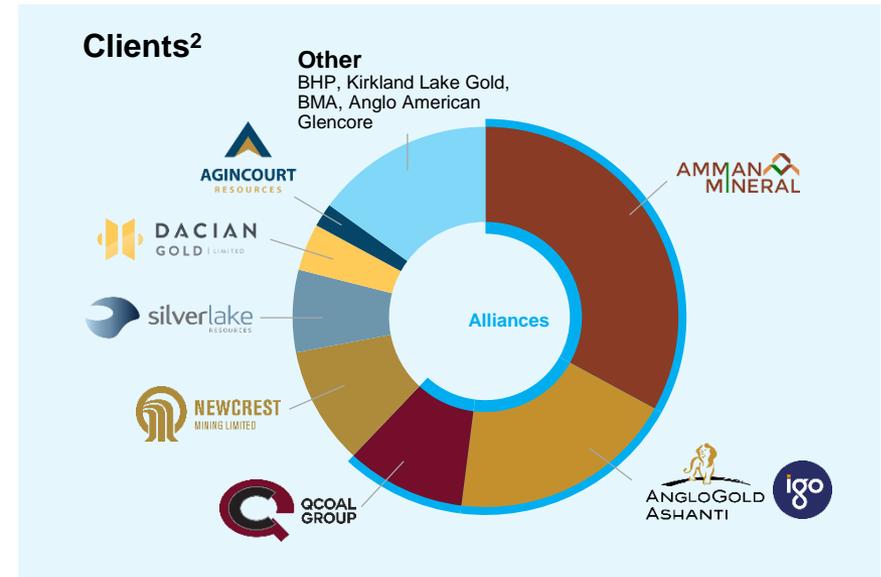
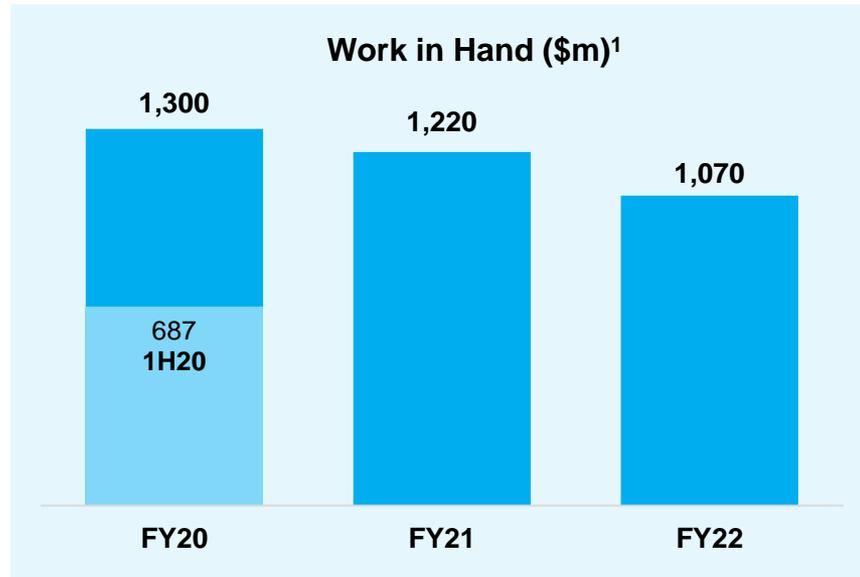
2. Net Debt / (Net Debt + Equity)

3. Underlying EBIT(A) annualised / Average (Total Assets – Current Liabilities)

4. Underlying NPAT(A) annualised / Average Equity

# Strong Order Book

Solid and high quality medium term earnings visibility



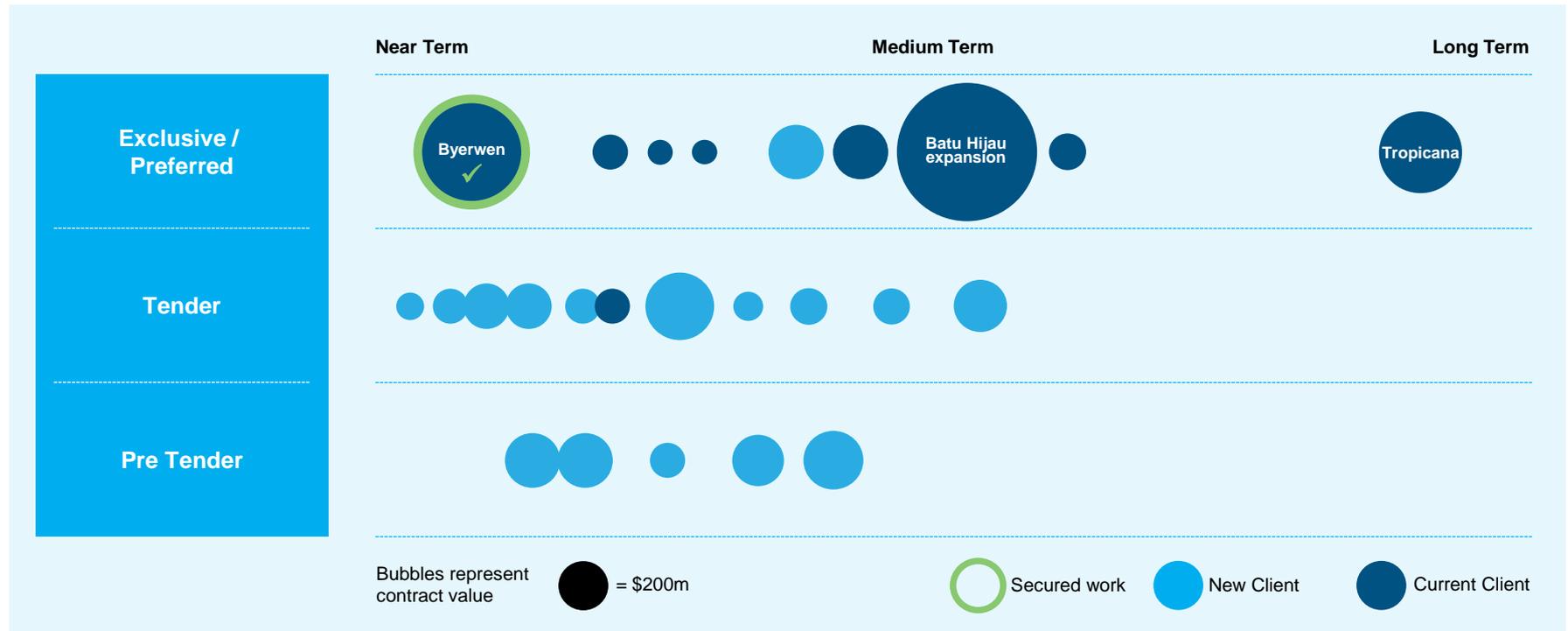
- Order book of \$4.6 billion<sup>1</sup>
- Majority of revenue is from:
  - Gold and Copper/Gold mines
  - Mines at bottom half of global cost curve
  - Strategic Alliances – transparent, flexible approach driven by win-win outcomes

1. As at 31 May 2020, includes Byerwen Contract. Excludes Civil, short term underground churn and JV revenue

2. 1H20 revenue breakdown

# Strong Tender Pipeline

Well positioned to capitalise on additional growth opportunities



- Over 20 tender opportunities worth \$7bn, split primarily between Australia and Indonesia, and gold and base metals
- \$3.5bn+ exclusive or preferred tenderer
- \$3.5bn+ current clients
- Potentially \$2–\$4bn to be awarded in next 12 months

# Investment Highlights

## Building a leading mining services business

- ✓ Strong Board and management team
- ✓ Successful flexible alliance style approach
- ✓ Proven capabilities across the whole mining value chain
- ✓ Focused on developing technological competitive advantage

## Proven track record of delivering strong growth

- ✓ Delivered strong growth and on track to achieve earnings guidance for three consecutive years
- ✓ Demonstrated track record of making strategic and value enhancing acquisitions

## Strong client base, order book and tender pipeline

- ✓ Strong order book provides solid medium term earnings visibility from high quality clients
- ✓ Over 80% of revenue is from Gold and Copper/Gold operations
- ✓ Significant tender pipeline of \$7bn, potentially \$2–\$4bn to be awarded in next 12 months

## Prudent capital management

- ✓ Strong balance sheet provides financial flexibility to enable continued execution of growth strategy
- ✓ Balance sheet is forecast to strengthen at full year result
- ✓ Recently reinstated sustainable dividends

## Positive Outlook

- ✓ Effectively managing COVID-19
- ✓ Minimal COVID-19 impact on financial performance
- ✓ **Reiterate FY20 guidance<sup>1</sup>:**
  - ✓ **Revenue \$1.3–\$1.4bn**
  - ✓ **EBIT(A) \$85–\$95m**
- ✓ FY21 guidance to be provided at full year result in August

1. Guidance assumes an exchange rate of AUD:USD 0.70, and excludes one-off items and amortisation related to the GBF Group acquisition.

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# Questions

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## Contact

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**Mick Finnegan**

**CEO & MD**

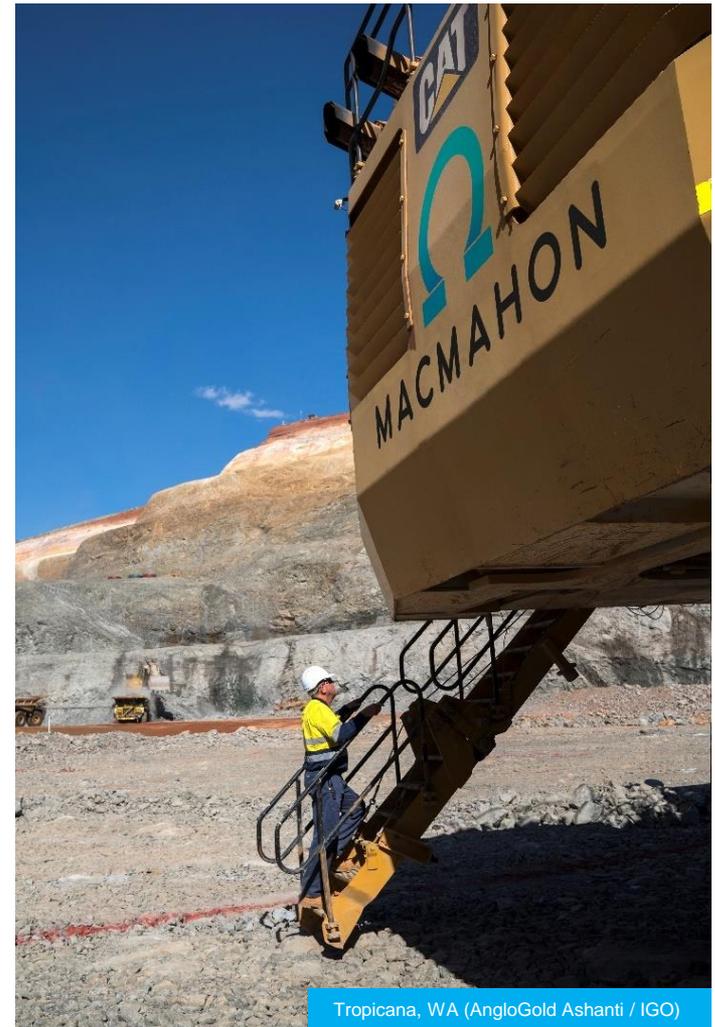
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Tropicana, WA (AngloGold Ashanti / IGO)



Batu Hijau, Indonesia (PT AMNT)



Tropicana, WA (AngloGold Ashanti / IGO)



Byerwen, Queensland (QCoal)



GBF Group

# Appendix

# ESG – achievements and focus

## Safety & Health

- Continued improvement in safety – record low TRIFR
- Promoted mental and physical health workplace
- Implemented Strong Minds, Strong Mines Program
- Winner of WA Mental Health Award 2019 'Mentally Healthy Workplace'
- Diversity Policy – specific areas of focus: Indigenous and gender
- Expanded apprenticeship and traineeship programs
- People turnover – 11.5%
- Employee engagement score – 75%
- AS/NZC 4801, AS/NZS ISO 9001, OHSAS 18001 certification

## Environmental

- Rehabilitation – Batu Hijau, Tropicana, Peak Downs and South Walker Creek
- Installed solar panels at head office – produce 400,000kWh pa
- Climate Change Position Statement – seek continual improvement in energy efficiency across business to reduce carbon intensity
- Electric trucks – Byerwen and Tropicana
- Bio-fuels – Batu Hijau and Martabe
- ISO AS/NZS 14001 certified environmental system

## Social & Community

- Sponsor of CME DETECT project (\$20k)
- Medical supply donation: Harry Perkins, SJOG Hospital, Ramsay Health Care
- Cancer 200: Ride for Research (raised \$235k)
- Regional and local sporting club sponsorships
- Red Cross Bushfire support
- Beyond Blue: MVD ride sponsorship
- QCoal Ca\$hEdUp program – support regional education
- Development of Jangga Aboriginal trainee program with QCoal
- Carey Mining – Get Into Mining program
- Doorn-Djil Yoordaning – subsidiary of Macmahon, Indigenous regional employment

## Governance

- Code of Conduct Policy – Anti-bribery and Corruption and Conflict of Interest framework
- Induction and annual employee Code of Conduct training
- Updated Whistleblower policy
- 7 Board members – 4 independent (including Chair)

# Corporate Overview

## Capital Structure

<b>Share Price<sup>1</sup> (ASX:MAH)</b>	<b>\$0.25</b>
Fully paid ordinary shares (m)	2,155
<b>Market Capitalisation</b>	<b>\$538.8m</b>
Cash (31 December 2019)	\$114.2m
Debt (31 December 2019)	\$221.0m
<b>Enterprise Value</b>	<b>\$645.6m</b>
<b>Net Tangible Assets per share</b>	<b>\$0.21</b>

## Analyst Coverage

Argonaut	Ian Christie
Euroz	Gavin Allen
Hartleys	Trent Barnett
Moelis	Sean Kiriwan

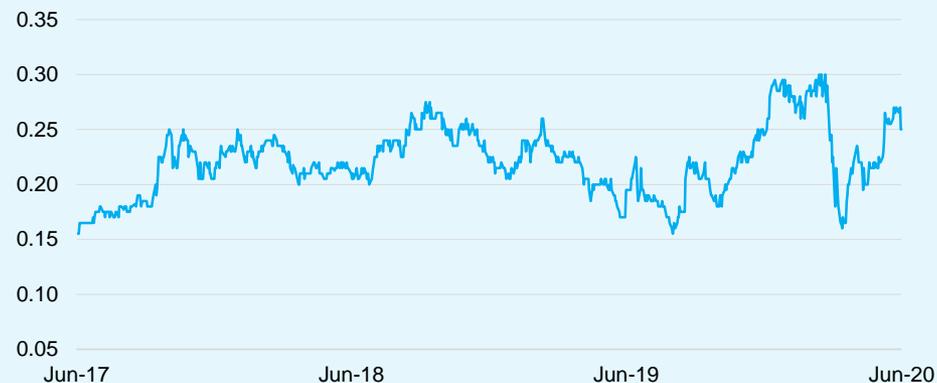
## Substantial Institutional Shareholders

Paradice Investment Management	5.0%
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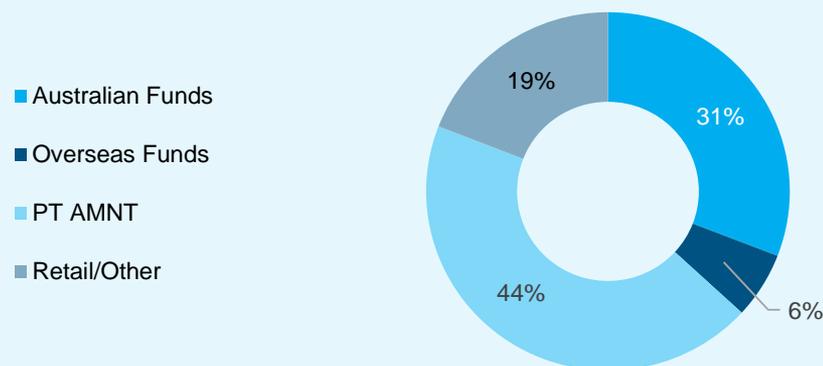
**Index** ASX300

**Liquidity – Daily Average Value** \$750k+

Share Price (\$) – 3 years



Register – Top 20 account for 80%



1. As at 12 June 2020

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# Our Board and Executive Management Team

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## Our Board



**Eva Skira**  
Independent  
Non-Executive Chair



**Michael Finnegan**  
Chief Executive Officer  
and Managing Director



**Alex Ramlie**  
Non-Independent  
Non-Executive  
Director



**Arief Sidarto**  
Non-Independent  
Non-Executive  
Director



**Vyril Vella**  
Independent  
Non-Executive  
Director



**Bruce Munro**  
Independent  
Non-Executive  
Director



**Hamish Tyrwhitt**  
Independent  
Non-Executive  
Director

## Executive Management Team



**Michael Finnegan**  
Chief Executive Officer  
and Managing Director



**Giles Everist**  
Chief Financial  
Officer



**Greg Gettingby**  
Chief Development  
Officer



**Elizabeth Gray**  
General Manager,  
HSEQ



**Carl O'Hehir**  
General Manager,  
Civil and Surface  
Australia



**Andrew Doe**  
General Manager,  
Underground



**Mark Hatfield**  
General Manager,  
Plant & Maintenance  
Services



**Peter Binsted**  
General Manager,  
Asia

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